

**First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 13-0085.01 Nicole Myers x4326

HOUSE BILL 13-1080

HOUSE SPONSORSHIP

Holbert, Priola, Lawrence, McNulty, Murray, Swalm

SENATE SPONSORSHIP

Harvey, Renfroe, Scheffel

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING MODIFICATIONS TO THE COLORADO AIRCRAFT**
102 **MANUFACTURER NEW EMPLOYEE INCOME TAX CREDIT.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Pursuant to the "Aviation Development Zone Act" (act), an aircraft manufacturer located in an aviation development zone qualifies for a state income tax credit of \$1,200 for each new employee that it hires. The current definition of "aircraft manufacturer" excludes a business or any portion of a business that is involved in the maintenance of aircraft.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

The bill modifies the definition of "aircraft manufacturer" to include a business or any portion of a business that is involved in the maintenance and repair, completion, or modification of aircraft and specifies that for any income tax year commencing on or after January 1, 2013, these businesses are eligible to claim the state income tax credit for hiring new employees pursuant to the act.

Currently, an aircraft manufacturer may claim a credit pursuant to the act for income tax years commencing prior to January 1, 2017. The bill extends the income tax years for which any aircraft manufacturer may claim the credit to any income tax year commencing prior to January 1, 2023.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds, determines, and declares that:

4 (a) During the 2005 legislative session, the general assembly
5 enacted the "Aviation Development Zone Act" that makes aircraft
6 manufacturers located in a Colorado aviation development zone eligible
7 for a state income tax credit for each new employee it hires; however,
8 businesses involved in the maintenance and repair, completion, or
9 modification of aircraft are not eligible to claim the credit;

10 (b) Colorado has few maintenance and repair organizations that
11 perform heavy maintenance and repair on aircraft and as a result, airlines
12 have to fly their planes to other states for maintenance and repair;

13 (c) Colorado has a pool of well-trained potential employees,
14 including veterans, with the skills and often the security clearance
15 necessary to qualify for the well-paid and desirable positions that aircraft
16 maintenance and repair, completion, and modification businesses need to
17 fill; and

18 (2) The general assembly further finds and declares that the
19 primary purposes of House Bill 13-____ are:

1 (a) To amend the "Aviation Development Zone Act" to include
2 maintenance and repair, completion, and modification of aircraft for
3 income tax years commencing on or after January 1, 2013. The expansion
4 of the existing aviation development zone income tax credit will
5 encourage aviation maintenance and repair, completion, and modification
6 businesses to operate in Colorado, create additional job opportunities,
7 expand the aviation sector, and produce new sources of revenue in
8 Colorado.

9 (b) To extend the number of years for which any aircraft
10 manufacturer may claim the aviation development zone income tax credit
11 so that all aircraft manufacturers, including aviation maintenance and
12 repair, completion, and modification businesses, will have a full
13 opportunity to claim the credit.

14 **SECTION 2.** In Colorado Revised Statutes, 39-35-102, **amend**
15 (1) as follows:

16 **39-35-102. Definitions.** As used in this article, unless the context
17 otherwise requires:

18 (1) "Aircraft manufacturer" means a business involved in the
19 production of aircraft parts specifically used in the manufacture of aircraft
20 or a business involved in the development of a proof of concept or
21 prototype aircraft, a test and evaluation aircraft, a certification aircraft, or
22 a production aircraft. FOR INCOME TAX YEARS COMMENCING BEFORE
23 JANUARY 1, 2013, "aircraft manufacturer" ~~shall not include~~ EXCLUDES a
24 business or any portion of a business that is involved in the maintenance
25 of aircraft. FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY
26 1, 2013, "AIRCRAFT MANUFACTURER" INCLUDES A BUSINESS OR ANY
27 PORTION OF A BUSINESS THAT IS INVOLVED IN THE MAINTENANCE AND

1 REPAIR, COMPLETION, OR MODIFICATION OF AIRCRAFT.

2 **SECTION 3.** In Colorado Revised Statutes, 39-35-104, **amend**
3 (1) as follows:

4 **39-35-104. Aircraft manufacturer - credit for new employees.**

5 (1) For any income tax year commencing on or after January 1, 2006, but
6 before ~~January 1, 2017~~ JANUARY 1, 2023, any aircraft manufacturer that
7 is located in an aviation development zone in the state, that employs at
8 least ten full-time employees within the zone, and that hires one or more
9 new employees during the income tax year shall be allowed a credit
10 against the income tax imposed by article 22 of this title in an amount
11 equal to one thousand two hundred dollars for each new employee who
12 is working within the zone, prorated according to the number of months
13 the new employee was employed by the aircraft manufacturer during the
14 income tax year.

15 **SECTION 4.** In Colorado Revised Statutes, **amend** 39-35-106 as
16 follows:

17 **39-35-106. Repeal of article.** This article is repealed, effective
18 ~~January 1, 2018~~ JANUARY 1, 2024, unless it is continued or reestablished
19 by the general assembly acting by bill prior to said date.

20 **SECTION 5. Act subject to petition - effective date.** This act
21 takes effect at 12:01 a.m. on the day following the expiration of the
22 ninety-day period after final adjournment of the general assembly (August
23 7, 2013, if adjournment sine die is on May 8, 2013); except that, if a
24 referendum petition is filed pursuant to section 1 (3) of article V of the
25 state constitution against this act or an item, section, or part of this act
26 within such period, then the act, item, section, or part will not take effect
27 unless approved by the people at the general election to be held in

1 November 2014 and, in such case, will take effect on the date of the
2 official declaration of the vote thereon by the governor.